

**Commonwealth of Virginia**  
**State Corporation Commission, Bureau of Insurance**  
**Supplementary Statement of Covered and Uncovered Expenses**  
**Completed by HMOs licensed in Virginia**

**INSTRUCTIONS**

This form is used to determine the minimum net worth requirement in accordance with §38.2-4302 3 f of the Code of Virginia. The form should be completed by all HMOs licensed in Virginia and used with the 2004 Annual Statement and the 2005 Quarterly Statements. Please note that the information on this form must be reported on a noncumulative, quarterly basis as opposed to the Annual Statements, which are reported cumulatively. This should represent a breakdown of the HMO's total expenses, not just expenses allocated to Virginia business.

Covered expenses are:

- (i) any expenses of an HMO which are owed or paid to a health care provider under contract and the contract has acceptable language holding enrollees harmless ("hold harmless language") pursuant to §38.2-5805 C 9 of the Code of Virginia.
- (ii) a non-cash expense - i.e. - depreciation, and any other expense which has had prior approval by the Commission to be reported as covered.

Any expense which is not covered is considered uncovered.

Medical expenses should be reported after any adjustments for reinsurance recoveries.

Administrative Services Only ("ASO") Revenue that exceeds ASO expenses and are included in general administration expenses should be adjusted for on line (14). Therefore, uncovered expenses cannot be reduced by revenue generated on ASO business.

**COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION, BUREAU OF INSURANCE**

**SUPPLEMENTARY STATEMENT  
COVERED AND UNCOVERED EXPENSES  
FOR THE QUARTER ENDING \_\_\_\_\_  
FOR \_\_\_\_\_**

(NAME OF HMO)

**COMPANY CO. CODE** \_\_\_\_\_ **GROUP CODE** \_\_\_\_\_

EXPENSES	COVERED	UNCOVERED	TOTAL
<u>HOSPITAL AND MEDICAL</u>			
(1) HOSPITAL/MEDICAL BENEFITS			
(2) OTHER PROFESSIONAL SERVICES			
(3) OUTSIDE REFERRALS			
(4) EMERGENCY ROOM AND OUT-OF-AREA			
(5) PRESCRIPTION DRUGS			
(6) AGGREGATE WRITE-INS FOR OTHER HOSPITAL AND MEDICAL			
(7) INCENTIVE POOL AND WITHHOLD ADJUSTMENTS			
(8) TOTAL MEDICAL AND HOSPITAL			
(9) NON-HEALTH CLAIMS			
(10) CLAIMS ADJUSTMENT EXPENSES			
(11) GENERAL ADMINISTRATIVE EXPENSES			
(12) INCREASE IN RESERVES FOR ACCIDENT AND HEALTH CONTRACTS			
(13) TOTAL EXPENSES INCURRED (ITEMS 8+9+10+11+12)			
(14) ADD BACK ASO REVENUE THAT EXCEEDS ASO EXPENSES INCLUDED ON LINE (11)			
(15) NET EXPENSES (ITEMS 13+14)			